



Memorandum # 34/2003

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Regular Compensation and Motor Vehicle Usage Update

DATE: October 16, 2003

The Contributory Retirement Appeal Board (CRAB) has recently issued two decisions providing that the value of the personal use of an employer-supplied motor vehicle is not regular compensation for retirement purposes. These decisions contradict the Commission's continued belief that the value of such personal use is regular compensation. While the decisions may be appealed and ultimately reversed, an appeal does not automatically stay the enforcement of a CRAB decision.

Until such time as a court rules on CRAB's decisions, all retirement boards should immediately cease collecting any retirement contributions for the value of the personal use of employer-supplied motor vehicle. All boards should also cease paying any portions of retirement allowances attributable to the value of the personal use of employer-supplied motor vehicle. The boards shall recalculate such retirement allowances to the extent necessary to carryout this directive. Until all legal proceeding have been completed, boards should not attempt to collect any amounts already paid or refund any contributions made as a result of the Commission's prior memorandums.

Boards may consult PERAC Memoranda #3/2001, #25/2001, #41/2001 and #38/2002 for background information on this issue. The Commission will provide the retirement boards with further guidance as appropriate. Furthermore, the Commission recognized that the CRAB decision represents considerable work for many boards; we appreciate your patience and understanding in this regard.

We trust the foregoing is of assistance. If you have further questions or concerns, please contact this office.